

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 DODE-00 NSAE-00 RSC-01 TRSE-00

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 1501

UNCLAS ROME 11660

E.O. 11652: N/A

TAGS: ESTC, IT

SUBJ: AMPEX: DISTRIBUTION LICENSE APPLICATION

EXCON FOR COMMERCE

REF.: STATE 203211

1. APPRECIATE REFTEL. SELENIA PROCESSING 1A-544 FORMS FOR SERVICE LICENSE AS WELL AS AMENDING ORIGINAL FC 1143 TO DELETE ITEM 5D.

2. AT CONFERENCE WITH AMPEX AND SELENIA OFFICIALS OCTOBER 22 SELENIA PURCHASER MUZZI TOLD EDO THAT IN APRIL 1973 SELENIA HAD SIGNED AN FC 1143 STATEMENT FOR THE PURCHASE AND SUBSEQUENT REEXPORT OF SUBSTANTIALLY THE SAME COMMODITIES AS IN THE PENDING AMPEX REQUEST BUT FROM A DIFFERENT US SUPPLIER, MUNZING INTERNATIONAL, \$660 SO. WESTERN AVE., LOS ANGELES, CALIFORNIA, 90005. IN MUNZING CASE SELENIA HAD STATED ON FC 1143 (ITEM 5D) THAT IT WOULD REEXPORT COMMODITIES IN FORM RECEIVED AS SPARE PARTS. SINCE LICENSE WAS GRANTED WITH NO PROBLEM, MUZZI REASONED THAT IT NOT TRUE THAT DISTRIBUTION LICENSES FOR THESE COMMODITIES ONLY BEING GRANTED FOR THEIR INCORPORATION INTO FINISHED PRODUCTS. RATHER THIS RESTRICTION APPEARS TO APPLY ONLY TO AMPEX WHICH APPARENTLY (TO MUZZI) BEING SINGLED OUT FOR UNUSUALLY STRINGENT APPLICATION OF EXCON REGULATIONS. IF THIS IS CORRECT SELNIA WOULD WANT TO REVIEW ITS PURCHASING PROGRAM FROM AMPEX, WHICH CURRENTLY VALUES AT ABOUT \$600,000 - \$700,000 ANNUALLY AND EXPECTS WILL GROW TO \$1.5 - \$2 MILLION WITHIN A YEAR OR TWO.

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3. EDO SAID THAT MUNZING CASE SHOULD NOT BE TAKEN AS INDICATING USG DISCRIMINATION AGAINST AMPEX. NOTED THAT DEPARTMENT OF COMMERCE LICENSING DECISIONS BASED ON MANY FACTORS. REASONS FOR DIFFERENT DECISIONS NOT ALWAYS APPARENT AT THIS END SINCE ALL FACTS NOT AVAILABLE. EDO HAS GIVEN ASSURANCES THAT DEPARTMENT OF COMMERCE HANDLES ALL LICENSE APPLICATIONS EVEN-HANDEDLY.

4. EMBASSY BELIEVES IT IN US INTERESTS THAT OUR LICENSING PROCEDURES AND CRITERIA APPEAR AS CONSISTANT AS POSSIBLE. THIS PARTICULARLY IMPORTANT WITH SUCH FIRMS AS SELANIA WHICH COMMIT THEMSELVES TO A LARGE SCALE INCORPORATION OF U.S. PARTS IN THEIR FINISHED PRODUCTS. THESE FIRMS DO NOT FEEL THEY CAN AFFORD TO WORRY WHEN DEALING WITH THE US AS TO WHICH SUPPLIER AT A GIVEN TIME MIGHT OR MIGHT NOT BE ABLE TO EXPEDITE ITS EXPORT LICENSE.

5. EMBASSY RECOGNIZES, OF COURSE, THAT THERE PROBABLY CERTAIN DIFFERENCES IN MUNZING AND AMPEX CASES JUSTIFYING DIFFERENT HANDLING OF THEIR RESPECTIVE DISTRIBUTION LICENSE APPLICATIONS. AS FULL DETAILS NOT AVAILABLE HERE EMBASSY WOULD APPRECIATE KNOWING REASONS FOR DIFFERENT HANDLING PROCEDURES IN THESE CASES. BELIEVE AMPEX ITAIA MA INFORM PARENT COMPANY REGARDING MUNZING CASE AND DEPARTMENT OF COMMERCE MAY RECEIVE DIRECT QUERY FROM AMPEX INTERNATIONAL, REDWOOD CITY, CALIFORNIA. VOLPE

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